

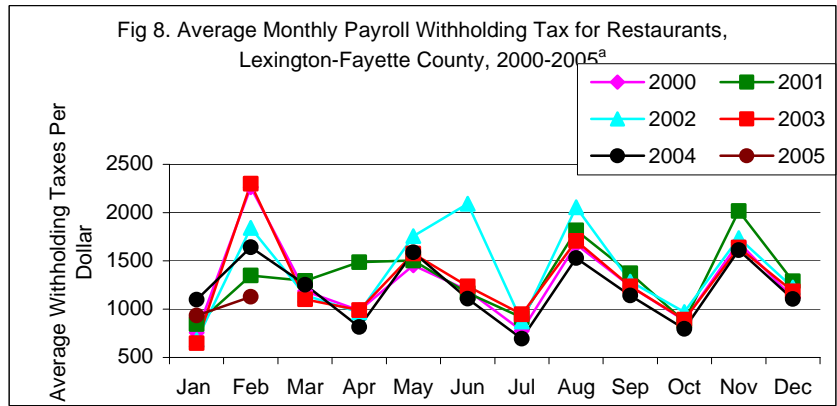
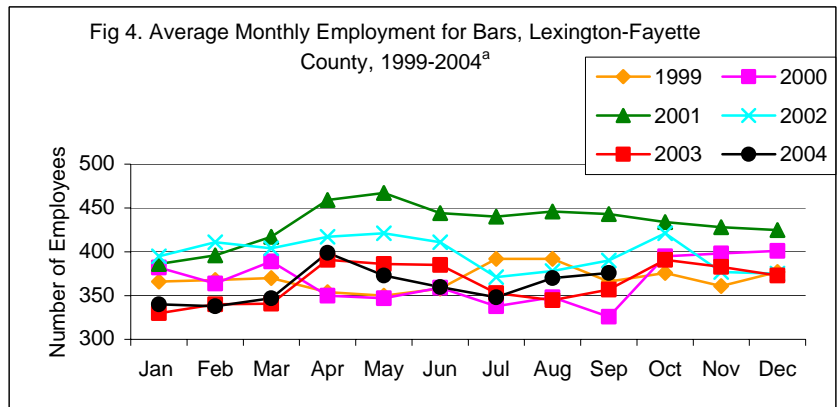
VISUAL SUMMARY OF SMOKEFREE LAW ECONOMIC IMPACT STUDIES

May 2005

All legitimate economic impact studies on business show either no economic effect or a positive effect after a smokefree law goes into effect. When the issue of smokefree air arises, the tobacco industry will work hard to create dissent and fear. Their goal is to convince business owners and residents that the sky will fall if a smokefree law passes. Since 1987, the tobacco industry and smokefree opponents have consistently claimed that smokefree laws lead to a decrease in business in restaurants, bars, bingo halls, and billiard halls, usually by 20-50%, with an accompanying decrease in employment. These claims are unfounded. On the contrary, going smokefree is good for health and good for business.

LEXINGTON, KENTUCKY

Business in Lexington-Fayette County’s bars and restaurants has remained stable since the city’s comprehensive smokefree law, which made restaurants, bars, pool halls, and bingo parlors 100% smokefree, went into effect on April 27, 2004. A University of Kentucky conducted study found that, since the smokefree law went into effect, restaurant employment increased, while the number of bar employees remained the same; and the number of licensed restaurants and bars opening and closing has remained stable, as well.¹



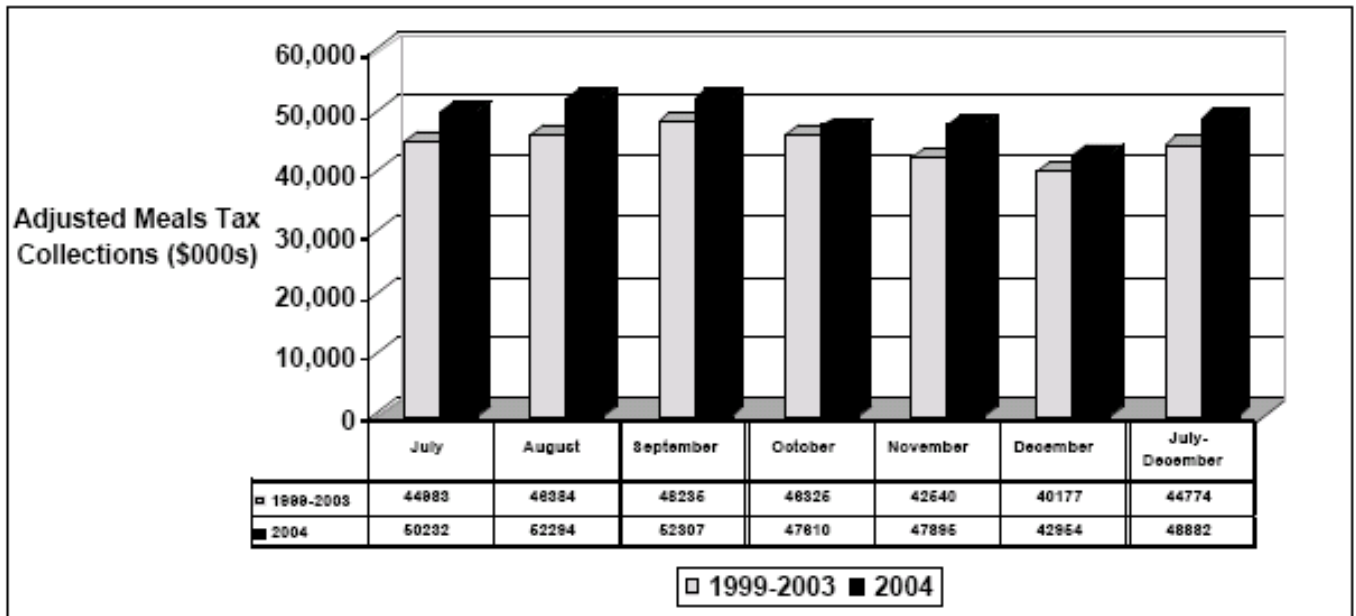
¹ Hahn, E., et al., “UK Study: No Significant Economic Impact from Smoke-free Law on Fayette County Restaurant and Bar Business,” University of Kentucky, April 18, 2005. Download at <http://www.mc.uky.edu/TobaccoPolicy/NewRelease.HTM> and <http://www.no-smoke.org/doc/UKeconstudy.doc>.

STATE OF MASSACHUSETTS

A Harvard School of Public Health report found that the Massachusetts Smoke-Free Workplace Law that made all workplaces, including restaurants and bars, 100% smokefree, has not adversely affected statewide meals and alcoholic beverage excise tax collection. In addition, the law has not affected keno sales or the number of those working in hospitality since the law went into effect on July 5, 2004.²

Year	Winter	Spring	Summer	Fall	Total
2000	189.4	195.1	210.6	202.1	199.3
2001	192.4	198.4	214.3	203.6	202.2
2002	195.6	203.2	219.8	210.3	207.2
2003	198.2	203.7	220.8	212.3	208.8
2004	200.8	207.4	223.8	215.0	211.7
2005	201.0				

No statistically significant change was observed in the numbers of workers employed in food services and drinking places ($p=0.866$).



Meals tax collections are adjusted for inflation by multiplying Massachusetts Department of Revenue monthly figures by the ratio of sales and use tax collections in 2004 to sales and use tax collections in the respective years, 1999-2003.

² Connelly, G., and Travers, M., "Evaluation of the Massachusetts Smoke-free Workplace Law: A Preliminary Report," Division of Public Health Practice; Harvard School of Public Health; Tobacco Research Program, April 4, 2005. Download at http://www.hsph.harvard.edu/php/pri/tcrtp/Smoke-free_Workplace.pdf.

DALLAS, TEXAS

In October 2004, the Dallas Restaurant Association commissioned a “study” by Clower and Weinstein, which claimed that Dallas’ 100% smokefree restaurant ordinance, including attached bars, had a negative economic impact. A critique of the research methods used by Clower and Weinstein found “significant flaws regarding the study design and conclusions.” The critique analyzed Dallas’ sales tax data and found that there were no statistically significant changes in hospitality revenue trends since the ordinance’s implementation in January 2003. By contrast, the reevaluation found that the number of restaurants and bars in Dallas was increasing. This trend continued on after the smokefree law went into effect. The Clower and Weinstein study was used to dissuade the Houston City Council from adopting a 100% smokefree ordinance. Advocates need to be aware of the study and the critique, in order to counter it should it appear in their area.³

Figure 1 - Gross Restaurant and Bar Sales - Dallas

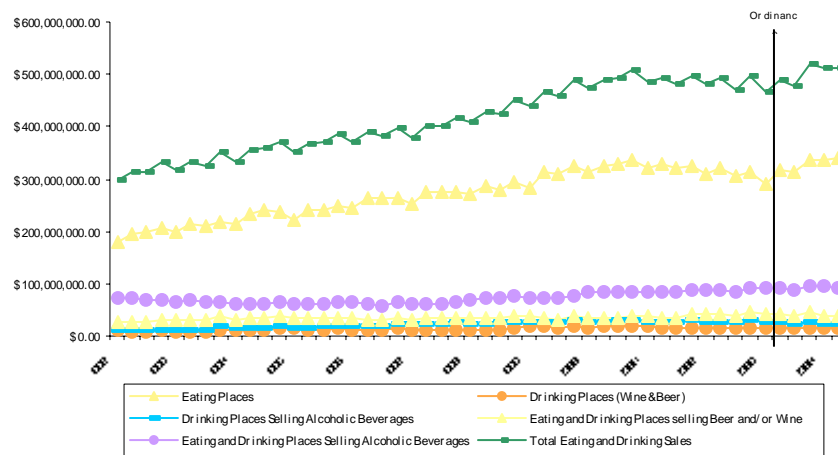
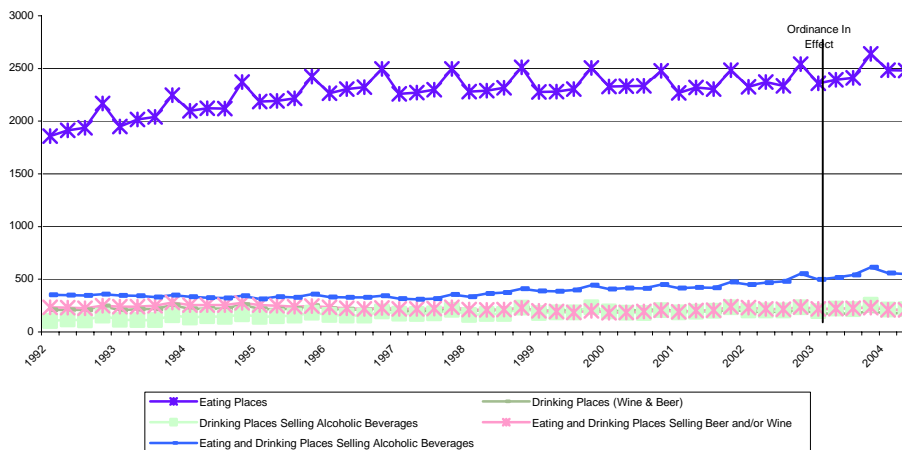


Figure 3 - Number of Outlets - Dallas

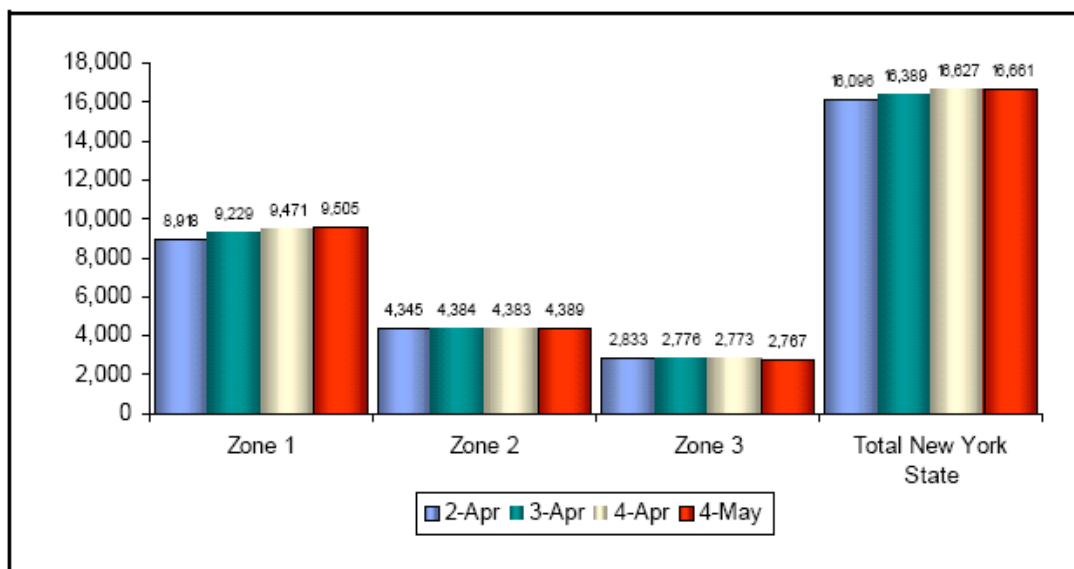


³ Huang, P., “Comments on the Weinstein and Clower Study,” *Texas Department of State Health Services*, [n.d.]. Download at <http://www.no-smoke.org/doc/clowerweinstein.doc>.

STATE OF NEW YORK

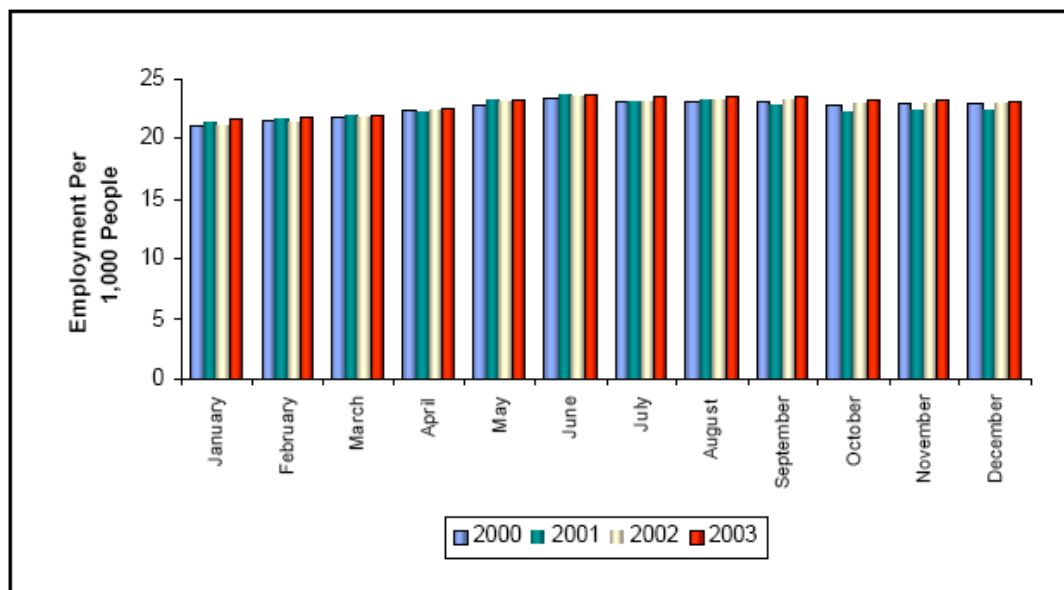
There was no reported significant change in the number of bars following implementation of the New York state smokefree law on June 23, 2003. In fact, the number of bars in the state has increased by 3.5%, from April 2002 to May 2004.⁴

Exhibit 6-29. Number of On-Premises Liquor Licenses in New York, April 2002 to May 2004



Source: State Liquor Authority, Division of Alcoholic Beverage Control, monthly summary reports of Active On-Premises Liquor Licenses.

Exhibit 6-31. Food Services and Drinking Places Industry: Per Capita Employment in New York



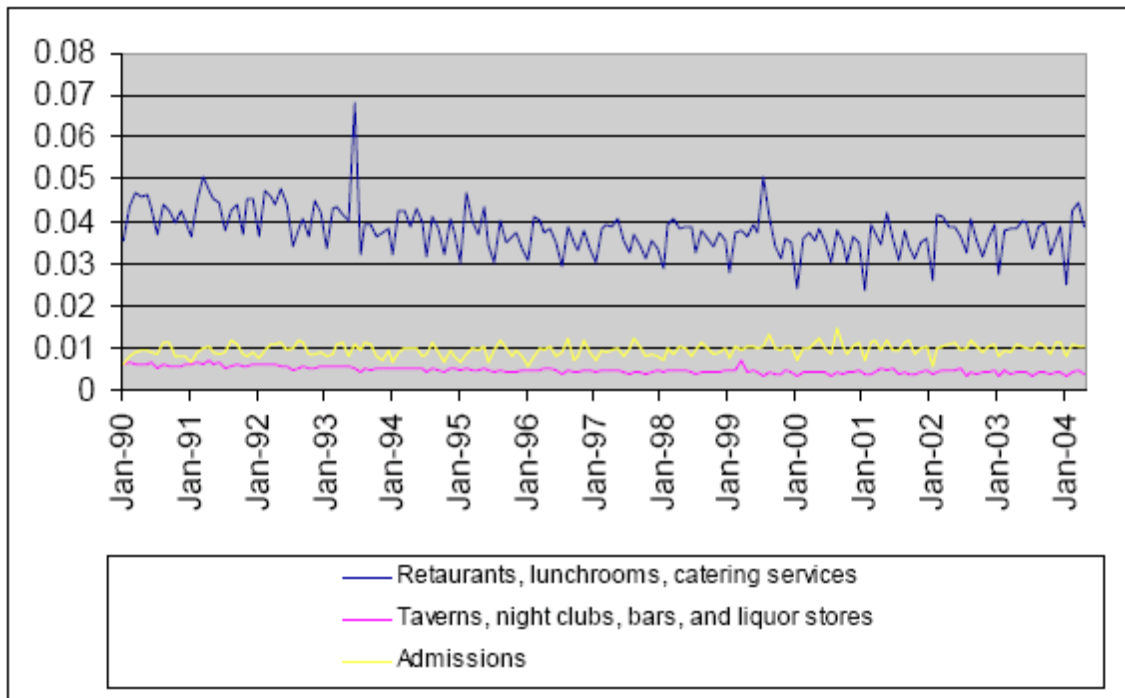
Source: New York State Department of Labor ES-202 data set for NAICS code 722, "Food Services and Drinking Places" and U.S. Census Bureau.

⁴ RTI International, "First Annual Independent Evaluation of New York's Tobacco Control Program," *New York State Department of Health*, November 2004. Accessed on November 29, 2004. Download at http://www.health.state.ny.us/nysdoh/tobacco/reports/docs/nytcp_eval_report_final_11-19-04.pdf.

STATE OF FLORIDA

An analysis by the University of Florida's Bureau of Economic and Business Research, released in June 2004, found that restaurant sales were up 7 percent one year after the state's smokefree law, which made all public places and restaurants 100% smokefree, took effect in 2003.⁵

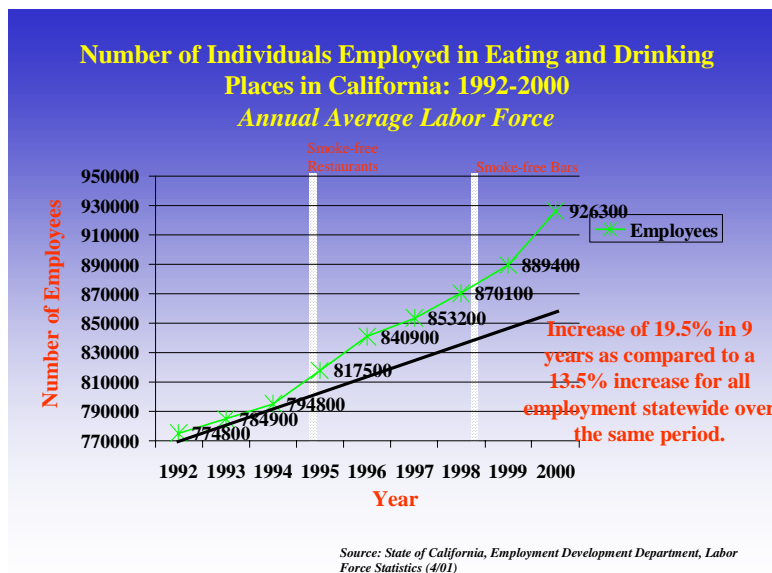
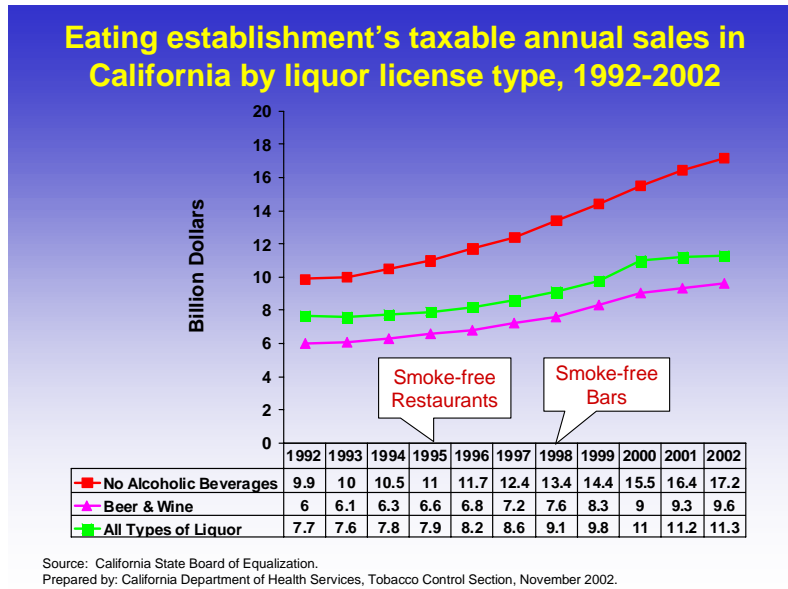
The sales, by relevant industry, as a fraction of the total retail sales for Florida.



⁵ Dai, C., et al, "The Economic Impact of Florida's Smoke-free Workplace Law," *Bureau of Economic and Business Research, Warrington College of Business Administration, University of Florida*, June 25, 2004. Download at <http://www.smokefreeforhealth.org/pdf/economic%20study.pdf>.

STATE OF CALIFORNIA

According to the California Board of Equalization, the Golden State's hospitality sector continues to grow since the California Clean Indoor Air Act was enacted in 1994. Sales tax data show an increase in annual sales from \$7.16 billion in 1997 for establishments selling beer and wine to \$9.6 billion in 2002. For establishments selling all kinds of alcohol, sales increased from \$8.64 billion in 1997 to \$11.3 billion in 2002. In 2003, the Board's Employment Development Department reported that the number of individuals employed in California's bars and restaurants had about 200,500 more employees than they did in 1995, before the smokefree policy took effect.⁶

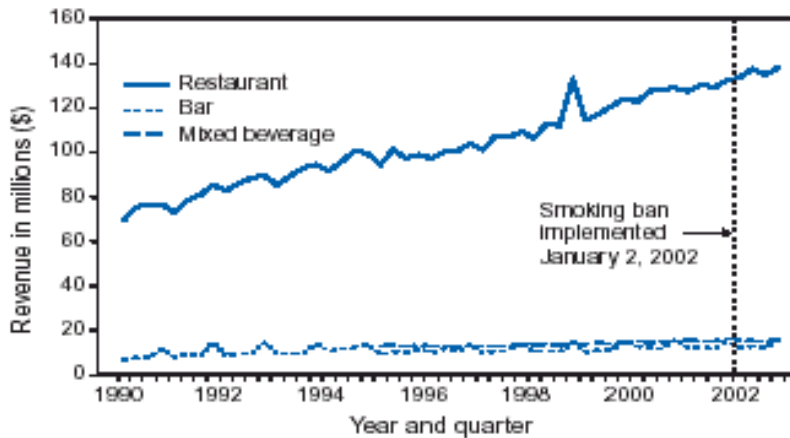


⁶ California State Board of Equalization: California Department of Health Services, Tobacco Control Section, November 2002; State of California, Employment Development Department, *Labor Force Statistics*, November 2003. Download at <http://www.no-smoke.org/getthefacts.php?dp=d19|d31|p84>.

EL PASO, TEXAS

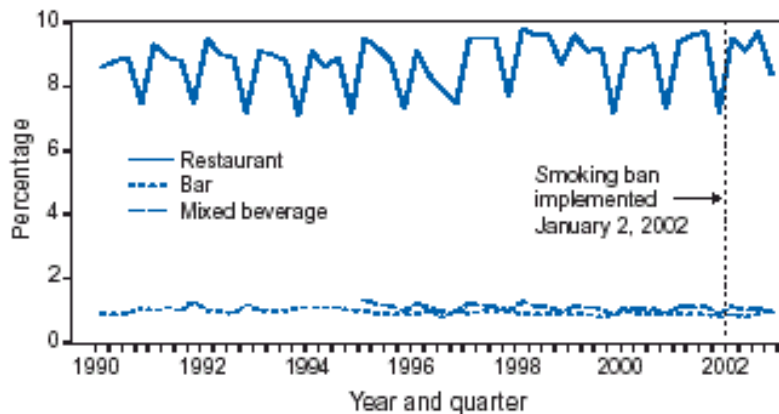
In 2004, the U.S. Centers for Disease Control and Prevention published the results of a study that found that no decline in total restaurant or bar revenues occurred in El Paso, Texas after the city's comprehensive smokefree law was implemented on January 2, 2002.⁷

FIGURE 1. Restaurant, bar, and mixed-beverage* revenues, before and after implementation of smoking ban, by quarter — El Paso, Texas, 1990–2002



* Mixed-beverage revenue data were available only for 1995–2002.

FIGURE 2. Restaurant, bar, and mixed-beverage* revenues as percentage of total retail revenues, before and after implementation of smoking ban, by quarter — El Paso, Texas, 1990–2002

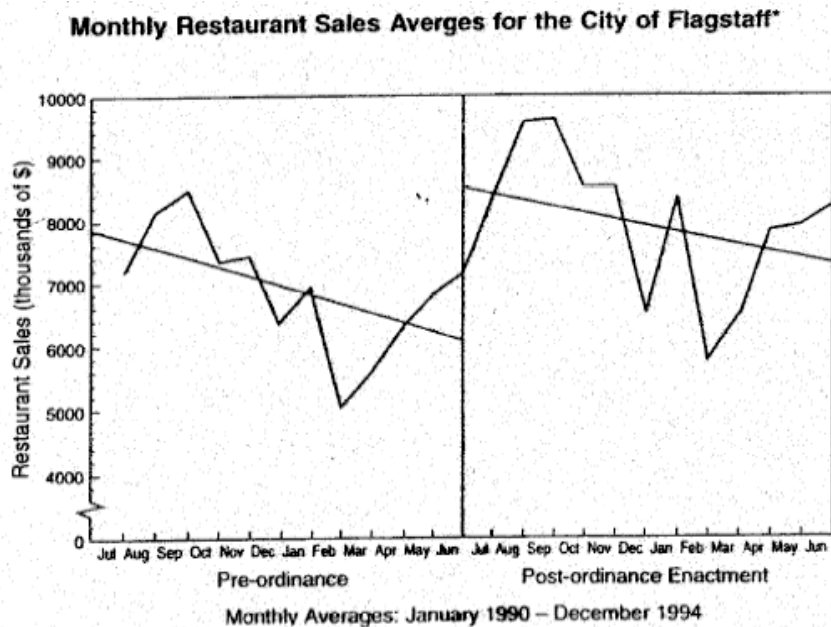
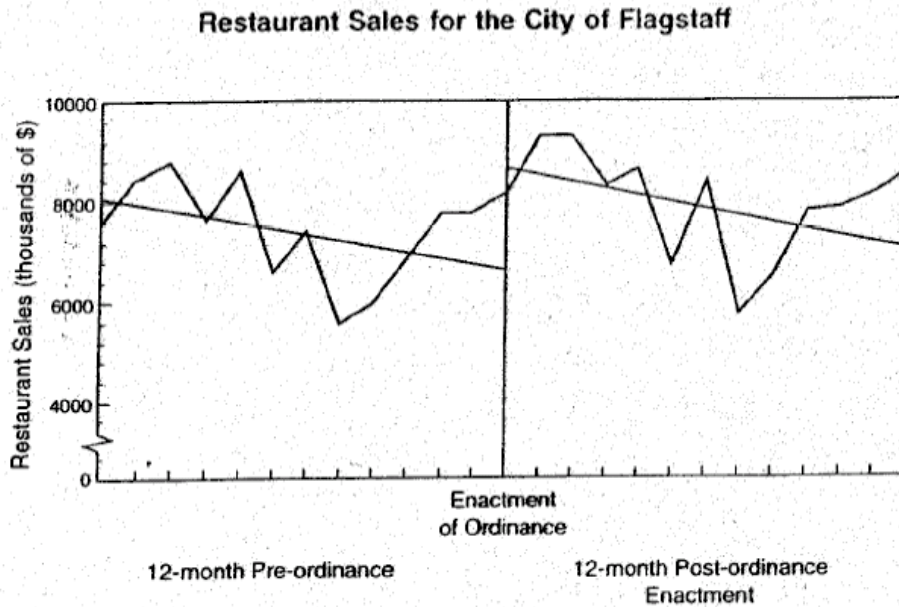


* Mixed-beverage revenue data were available only for 1995–2002.

⁷ [n.a.], "Impact of a smoking ban on restaurant and bar revenues - El Paso, Texas, 2002," *Morbidity and Mortality Weekly Report* 53(7): 150-152, February 27, 2004. Download at <http://www.cdc.gov/mmwr/preview/mmwrhtml/mm5307a2.htm#fig1>.

FLAGSTAFF, ARIZONA

A 1998 study published in the American Journal of Health Promotion, found that Flagstaff's smokefree law had no economic effect on the restaurant industry. The study utilized restaurant and retail sales data for periods approximately 3.5 years prior to enactment of the 100% smokefree restaurants law and 1.5 years after enactment of the smokefree law.⁸



⁸ Sciacca J., Ratliff, M., "Prohibiting smoking in restaurants: Effects on restaurant sales," *American Journal of Health Promotion* 1998;12(3):176-184. Download at <http://www.tobaccoscam.ucsf.edu/pdf/9.2-SciaccaAZ.pdf>.